



Focus

Ecology's grant and loan programs stress the need to achieve "environmental outcomes"

Background

In 2000, the Joint Legislative Audit and Review Committee (JLARC) analyzed how state natural-resource agencies manage and distribute grants and loans. The focus was on capital-funded programs. This report can be found at <http://jlarc.leg.wa.gov>.

Two pieces of legislation were created from these recommendations:

- HB1785, requiring output and outcome performance measures in certain grant and loan programs (amending RCW 70.105D.100 and RCW 70.146.090); and
- SSB5637, requiring coordinated statewide water-quality monitoring (amending RCW 90.82.140 and RCW 77.85.135).

The JLARC found an increased need to apply "investment practices" in making environmental grants and loans, the results being a better return on the public's investment, greater efficiencies and, ostensibly, a more healthful environment. The findings affect the Washington State Department of Ecology's (Ecology) Solid Waste & Financial Assistance Program (Remedial Action, Coordinated Prevention and Public Participation Grants) as well as the Water Quality Program (Centennial Clean Water Fund).

The crux of their findings are set forth in the January 22, 2001, JLARC report:

*"Environmental investments are intended to produce a return of quality improvements in water, land or species resources. Without **measurable** returns, it is impossible to determine if investments have been effective."*

As a result of this evaluation, Ecology and its grant and loan recipients need to incorporate activity and results based performance measures (referred to as "output and outcome" measures) into the upcoming Fiscal Year 2003 (FY03) water-quality and the FY04 solid-waste funding cycles. This means the agency and recipients will work together to find a way to measure the practical, on-the-ground results of grant and loan funded activities.

Ecology's Water Quality Program is now revising and updating its existing rating and ranking system to enhance and better explain outcomes expected from an applicant if a project is selected for funding. These changes are to be incorporated in the FY03 funding cycle, which begins in January 2002. Further enhancements may, if necessary, follow in the FY04 funding cycle.

Ecology's Solid Waste and Financial Assistance Program is using three different processes to define performance objectives and funding criteria for each grant program. Changes will be made effective in the next grant cycle.

The JLARC report categorized natural-resource program activities and investments as follows:

1. *Process outputs*: Measurements of basic process and workload activities (such as applications processed or projects funded)
2. *Project or program outputs*: Measurements of on-the-ground activities (such as number of dairy plans completed or gallons of oil recycled)
3. *Project or program outcomes*: Measurements of project or program overall effect or effectiveness (measurable improvements in water quality, or percent of solid-waste stream recycled or reduced)

The JLARC found that most agencies were only able to report on process results. The committee recommended a more refined and measurable focus on environmental outcome. For example, rather than tracking the number of brochures designed and distributed, measure if the brochure affected the desired behavior change.

JLARC Recommendations

After the study was completed, including extensive community interviews with grant and loan recipients and a small handful of non-governmental organizations (non-profits), the JLARC made the following five recommendations. Two became law:

1. Agencies need to build internal capacity to report accurate and comprehensive project location and descriptive information to the Uniform Environmental Project Reporting System (UEPRS; www.ueprs.wa.gov);
2. Agencies should work collaboratively with funding recipients to develop "meaningful and comprehensive output (activities) and outcome (results) measures that will be used to assess project and program investment performance ... Programs contributing to salmon recovery should ensure that their output and outcome measures are directly tied to measures within the Salmon Recovery Scorecard." (**Became HB1785, the measurement bill**);
3. Agencies should work collaboratively to prepare two separate, but coordinated, strategic plans for monitoring environmental conditions and investment performance in the areas of water quality and salmon recovery (**Became SSB 5637, now facilitated by the Interagency Committee for Outdoor Recreation/Salmon Funding Board**);
4. Agencies should work to incorporate the key investment practices into program structures and operations; and
5. Agencies should work jointly and collaboratively with local governments and other funding recipients to streamline and better integrate the project application, selection, implementation and monitoring process across programs.

Output and Outcome Measures and Adaptive Management

Performance measurement has been a long-standing practice in the business community. Starting in the early 1990s with the “reinvention of government,” federal, state and even local jurisdictions were called upon to assess progress towards meeting objectives. Such measurements became valuable tools in judging goal achievement.

For those not familiar with performance measurement, there will be ample opportunity for training. Ecology hopes to establish an e-mail and Internet presence to make sharing information and posting questions possible. Contact and availability will assist in raising comfort levels concerning performance measurement for the agencies affected by the new legislation.

Ecology will be asking the local and tribal agencies that request state funding to answer the following two questions:

1. What do you expect your project or program to accomplish with respect to incremental environmental and behavioral change?
2. What did you actually accomplish with the state and local resources invested?

The Department of Ecology itself has recently changed the way it evaluates its own programs by listing measurable program objectives, specific targets, and corresponding activity (output) and results (outcome) performance measures.

By doing this, employees at Ecology hope to get a better idea of which program activities are working, which need to be changed or phased out, and where resources should be allocated.

Steps Ecology Has Taken

Ecology has been providing updates to JLARC and the Office of Financial Management since summer 2001 concerning progress and formal responses to recommendations. To obtain a copy of Ecology’s written response to JLARC, please contact Heidi Siegelbaum at 360-407-6988 or hsie461@ecy.wa.gov.

The Water Quality Program has hosted interested-party (stakeholder) meetings. The Solid Waste & Financial Assistance Program has advised its solid-waste grantees and will continue to work with them over the next few years on these developing opportunities and issues.

Contacts

- The contact for HB1785 and Solid Waste & Financial Assistance Program issues -
- Remedial Action Grants (RAG), Coordinated Prevention Grants (CPG) and
Public Participation Grants (PPG) -- is David Giglio (360-407-6996,
dgig461@ecy.wa.gov)

-
- The contacts for HB 1785 and Water Quality Program issues -- Clean Water Centennial Grants -- is Steve Carley (360-407-6572, stca461@ecy.wa.gov) or Dan Filip (360-407-6509, dfil461@ecy.wa.gov)
 - The contact for SSB 5637 and water-Quality monitoring issues is Steve Butkus (360-407-6742, stbu461@ecy.wa.gov)
 - The contact for issues concerning performance measures and indicators is Heidi Siegelbaum (360-407-6988, hsie461@ecy.wa.gov)

Resources and Tools for Grant and Loan Applicants

1. Office of Financial Management: <http://www.ofm.wa.gov>
2. Joint Legislative Audit and Review Committee: <http://jlarc.leg.wa.gov>
3. Green Mountain Institute for Environmental Democracy: <http://www.gmeid.org>
4. Mercatus Center: <http://www.mercatus.org/scorecard/scoring.html>
5. Background report on the Oregon Environmental Stewardship Plan: <http://www.upa.pdx.edu/CWCH/ReportsFolder/backrep.htm> (see pages 6-11)
6. National Performance Measures Strategy: <http://es.epa.gov/oeca/perfmeas/testimony.html>
7. Using the Government Performance Results Act to improve environmental quality and the effectiveness of the Environmental Protection Agency: <http://ombwatch.org/gpra/2000/pew/enviro.html>
8. Community-based social marketing (tools to improve behavioral change in your customer base): <http://www.cbsm.com>.

If you have special accommodation needs or require this publication in alternative format, please contact Felicia Phillips-Curtis at (360) 407-6199.